(d) the steps being taken to achieve the growth rate fixed for the Tenth Plan?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) As per the latest information released by the Central Statistical Organisation (CSO), the overall growth of Gross Domestic Product (GDP) at factor cost at constant prices during the third quarter of 2004-05 (October to December) is estimated at 6.2 per cent compared to 6.1 per cent during the corresponding period of the previous year. The overall growth of real GDP at factor cost during April-December 2004-05 is lower at 6.7 per cent compared to 8.6 per cent during the corresponding period of the previous year. The lower growth rate recorded in the third quarter of 2004-05 is mainly due to the negative growth of 1.1 per cent in agriculture and allied sector compared to a growth of 18.2 per cent recorded in the corresponding period of the previous year and slightly lower growth in mining & quarrying and trade, hotels, transport & communication. The lower estiamated growth in 2004-05 is mainly due to the decline in kharif foodgrains production. However, with the anticipated good rabi foodgrains production, there should be a positive growth in agriculture in the fourth quarter.

(c) As per the advance estimates released by the Central Statistical Organisation, growth in real GDP during 2004-05 is estimated at 6.9 per cent compared to the annual average growth rate of 8 per cent envisaged in the Tenth Five Year Plan (2002-07).

(d) The Union Budget for 2005-06 has proposed a number of initiatives such as emphasis on enhanced public investment, diversifying agriculture, promotion of public-private partnership for infrastructure development, liberalisation of Foreign Direct Investment (FDI) and facilitating growth in industries and services sector through an enabling policy environment. The various measures are expected to have a favourable impact on the growth of the economy.

Government borrowings from Market

†3455. SHRI RAM JETHMALANI:
DR. MURLI MANOHAR JOSHI:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government have taken a decision to borrow Rs. 83,000 crore from the market only in the first six months of the year 2005-06;

†Original notice of the question was received in Hindi.

(b) if so, the facts in this regard;

(c) the reasons for borrowing such a huge amount of loans in the very beginning of the year;

(d) whether it is also a fact that the economy of the country would also be effected by borrowing this amount from the market; and

(e) if so, Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) Government and Reserve Bank of India have announced an indicative Calendar for Issue of Marketable Dated Securities amounting to Rs. 83,000 crore during the first six months of the year 2005-06 based on an estimate of requirement of funds, taking in to account likely expenditure, including repayment of debt and non debt receipts.

(d) and (e) Government is of the view that this borrowing of this amount will not have any adverse consequences for the market. The Calendar is, in any case, subject to variations depending on market conditions and other relevant factors.

Rise in Prices due to VAT

†3456. SHRI JANESHWAR MISHRA:
SHRI PYARELAL KHANDELWAL:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that there would be rise in prices as a result of implementation of VAT;

(b) if so, the details thereof;

(c) whether it is also a fact that not only traders but the people at large would also be affected by the same;

(d) if so, whether Government are considering to take any measure to bring consensus among the traders in this regard; and

(e) if so, by when and the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Under the VAT regime, cascading of taxes is eliminated by providing input tax credit leading to

†Original notice of the question was received in Hindi.